Nation's Restaurant News

THE NEWSWEEKLY OF THE FOODSERVICE INDUSTRY

SECOND CLASS

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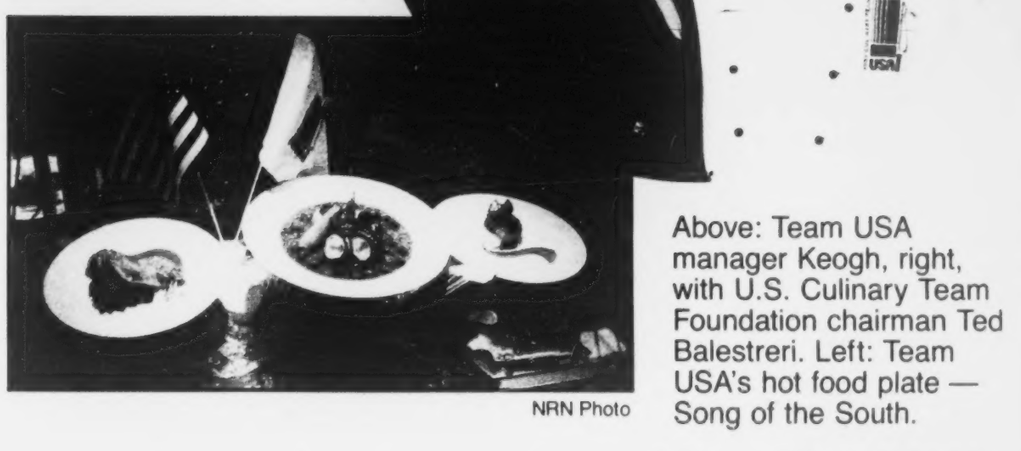
Team USA foiled in Frankfurt

Canada snags 1st place in Culinary Olympics; US falls to 6th

by Jack Hayes



NRN Photo

Above: Team USA manager Keogh, right, with U.S. Culinary Team Foundation chairman Ted Balestreri. Left: Team USA's hot food plate — Song of the South.

FRANKFURT, Germany — Failing to impress 18 world judges with its risk-taking philosophy of "simple foods naturally presented," National Team USA finished a disappointing sixth place at the 19th World Culinary Olympics here.

Despite declaring itself a philosophical winner, the United States National Team was outscored in the three-part competition by chefs from Canada, Switzerland, Germany, Singapore and South Africa, respectively.

As significant, the U.S. team lost its 12-year standing as world champion in the prestigious Restaurant Hot Cooking category, where it was outscored by eight other teams, including Australia, Germany, Norway, South Africa and The Netherlands.

The grand overall winner was Canada with 548.42 total points. The United States had 524.27 points overall. Medals are awarded for total scores and not for placement, which allows many countries to share gold, silver and bronze medals.

"There's definitely a different perception between us and the judges; it's not a technical difference because I was told we were nearly perfect in the kitchen. It's got to be a philosophical one," declared Team USA Manager Keith Keogh at a press conference on the final day of the competition.

In effect, Team USA National brought to Frankfurt a historically themed menu — built around two and one-half years of international research and travel — which attempted to define the breadth of America's culinary heritage in its connection to Asian, African, European and Native North American cooking.

The radical side of the U.S. presentation was its decision to arrange plates much more sim-

(See **TEAM USA**, page 59)

ELECTION '92: Weighing the contenders

by Robin Lee Allen

Foodservice operators still undecided on the presidential race could be pushed off the fence by the candidates' proposed employment policies.

Although somewhat vague, the candidates' approaches to issues like health care, family leave and labor relations differ greatly and could portend varying futures for the labor-intensive foodservice industry.

Despite such differences, however, political observers say that whoever lives at 1600 Pennsylvania Ave. after January, in his struggle to cure the nation's ills, might unleash policies both helpful and harmful to the industry.

Democrat Bill Clinton, despite his less traditional, more moderate platform, has a laundry list of legislative proposals — including mandated health care and family leave for employees and an increase in the minimum wage — that smack of the Democratic party's traditional sympathy for the underdog and would be costly to employers, they noted.

But that does not make Republican George Bush an industry savior, they said. Although he seems to pose less of a legislative threat, he has already signed into law burdensome legislation, like the Americans with Disabilities Act and the

(See **ELECTION**, page 4)

AP/Wide World Photos

Bill Clinton makes a point to the audience during the second presidential debate as George Bush and Ross Perot look on.

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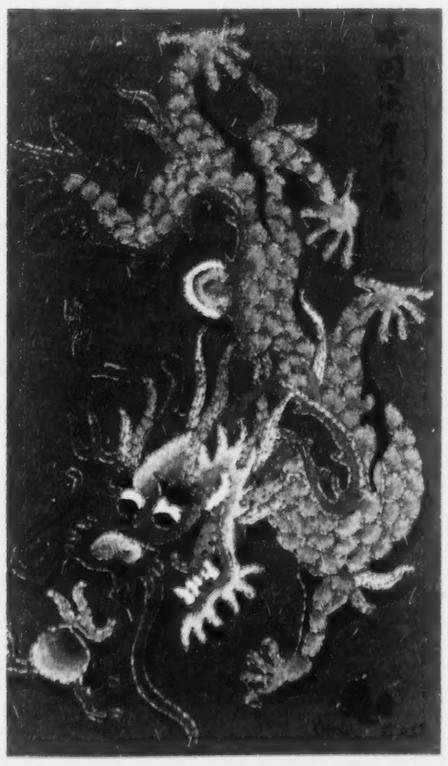

General Mills: Nearing China Coast rollout?

by Peter O. Keegan

ORLANDO, Fla. — General Mills has installed a top company executive to head its China Coast restaurants and is apparently gearing up to "wok and roll" with the Chinese dinnerhouse concept.

General Mills veteran Jon L. Finley, formerly president of the Yoplait Yogurt division, has been named president designate of China Coast, a position he will officially take over in January. At the same time the Red Lobster executive vice president of operations has been shifted to the same post at China Coast.

Their work nearly completed, General Mills' "dynamic duo" development team, Blaine Sweatt III, currently China Coast president, and Roger K. Thompson, General Mills vice president of business planning and information, will return to the company's headquarters to explore once again future General Mills concepts. Before China Coast, the two were largely responsible for developing Olive Garden and nurturing the concept through its test stage before stepping aside for the full-scale rollout of the Italian dinnerhouse chain.

Finley currently is under the tutelage of Olive Garden president Ron Magruder, learning the ins and outs of the restaurant business and the dinnerhouse segment. Once Finley takes the reins at China Coast, Magruder will continue to oversee his progress.

"Blaine will go back to the drawing board," confirmed Olive Garden president Magruder. "That's his expertise. He brought China Coast through two and one-half years of development, and Finley will take the next step.

"Finley is out on Olive Garden openings while working on menu planning, purchasing, marketing and employee relations."

Finley, a 10-year General Mills veteran who has a strong marketing background, will team up with 20-year Red Lobster veteran Phillip Pritchard.

"When you get ready to roll one of these out, you don't want a big learning curve," Magruder explained. "We have a lot of experience with Finley in marketing and Pritchard in operations, and hopefully I can throw something into the pot."

China Coast, which opened

(See **GENERAL**, page 7)

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NEWS BRIEFS

Restaurant sales rise 0.2% in Sept.; menu prices show 1.7% increase

WASHINGTON — Sales at the nation's eating and drinking places continued to slow in September, rising a scant 0.2 percent on an annual unadjusted basis, the U.S. Census Bureau reported in its monthly retail sales report.

Menu price inflation remained flat for the third month in a row, according to the U.S. Labor Department's Consumer Price Index. Menu prices — the food-away-from-home category of the CPI — increased 1.7 percent on an annual, unadjusted basis.

When September's 0.2-percent sales gain in restaurant sales is discounted against the 1.7-percent rise in menu prices, the figure suggests that customer traffic actually declined 1.5 percent during the month.

Meanwhile, wholesale food prices continued to give operators a break, rising 0.4 percent on an annual, unadjusted basis, the Labor Department said.

Overall, the CPI, the nation's leading measurement of the rate of inflation, was up 3 percent in September.

Welter leaves Rax for Ponderosa post

VANDALIA, Ohio — William Welter, Rax Restaurants' marketing chief for the past eight months, has left the troubled sandwich chain to become senior vice president of marketing for the 800-unit Ponderosa.

Welter, who was instrumental in the creation of the "Where's The Beef?" campaign while at Wendy's during the 1980s, becomes the sixth marketing vice president at Ponderosa since 1985. Ponderosa is a subsidiary of Metromedia Steakhouses Inc., which also owns Bonanza.

While at Rax, Welter helped launch "Mr. Delicious," the chain's animated advertising spokesman, which generated a mixed response from the chain's licensees.

Welter's departure at Rax follows last month's resignation of Don Karas, who stepped down as chairman of the 350-unit operation chain to pursue several entrepreneurial restaurant ventures. Karas remains on the Rax board of directors.

Welter said he accepted the Ponderosa position because it offers an opportunity to help Ponderosa regain its stature as a leading budget steak house and because Ponderosa has "a great talented team."

Brinker shutters steak house, plans Oklahoma City unit

OKLAHOMA CITY — Brinker International, the Dallas-based dinner-house company, has closed its casual Border Stop Steak House in Houston but is preparing to break ground on a site here for a similar, renamed concept.

Border Stop Steak House, which Brinker called a "live research and development project," also tested products for other concepts.

The planned steak house is expected to open next year, said Lane Cardwell, Brinker executive vice president of strategic development. The 200-seat Houston unit featured four to five signature steaks and per-person checks around $8 to $9.

McDonald's drops fried apple pie for baked version

OAK BROOK, Ill. — The fried apple pie, one of McDonald's signature menu items, has been phased out and replaced with a baked version.

A spokeswoman said the company decided to replace the fried apple pie following extensive consumer testing.

The baked apple pie, which is hand-held and served hot, contains similar ingredients but has a flaky, rather than crispy, crust.

The new product is not being advertised nationally, but several local stores in the New York area are promoting it with sidewalk banners and placards.

Arby's, Daddy-O's debut 2-in-1 unit

HIALEAH, Fla. — A "state-of-the-art" Arby's unit with reduced square footage and touch-screen menus debuted here Oct. 24 in tandem with the 11th branch of the Miami company's Daddy-O's twin-lane burger drive-through chain.

The redesigned Arby's building boasts a bold, red doorway arch and customer-operated touch-screen video menus in English and Spanish. The Daddy-O's unit features that concept's burgers, hot dogs, battered fries, broiled and fried chicken sandwiches and milk shakes, with average checks geared to run $2 to $3.

"Essentially, these new prototypes give Arby's the flexibility to be a player in virtually every type of market," said Gaylon Smith, senior vice president of franchising for the roast beef sandwich chain. He said the single-pad development requires "about half the space of a traditional restaurant."

Separately, a Los Angeles-based Arby's franchisee, KFF Management, reported that sales have more than doubled — to $19,000 a week — at an Arby's unit in Long Beach, Calif., since it was remodeled in August into a tandem unit with the menus of Arby's and the Anaheim, Calif.-based Green Burrito Mexican fast-food chain.

Pizza Hut plans Grand Pan Dinner launch next year

WICHITA, Kan. — Pizza Hut plans to unveil a new line of menu selections called Grand Pan Dinners early next year — which will include its widely publicized launch of chicken.

In addition to a broiled chicken item, the line includes Italian steak and shrimp dishes. The selections will be served in the chain's deep-dish pan with a side pasta and vegetable. Pricing was unavailable, but sources said the line is expected to be in test stores early in 1993.

The new line is the latest attempt to drive traffic at the chain that saw a 2-percent dip in comparable-store sales for the third quarter ended Sept. 5 compared with the same period last year.

Earlier this year the company introduced an all-you-can-eat lunch buffet targeted toward value-minded customers. That program is in place in about 2,000 stores and "produced improved trends in traditional store sales late in the quarter," according to PepsiCo's third-quarter report.

Angry bondholders sue Marriott Corp. over planned split

WASHINGTON — Two bondholders angered by Marriott Corp.'s recent announcement to split into two companies have sued the conglomerate, charging the plan has ruined the value of their holdings.

Both suits, filed in U.S. District Court in Baltimore, allege that the plan to split Marriott into a debt-free management services company and a debt-laden real-estate company was devised to benefit stockholders at the expense of debt holders.

The company has received both filings and is now reviewing them, said Nicholas A. Hill, a Marriott spokesman.

Another group of bondholders told the Associated Press that they had formed a 10-member committee to block the conglomerate's proposed split and were also considering legal action.

Marriott officials maintain that Host Marriott Corp., the real-estate company that will shoulder nearly $3 billion of Marriott's debt, was conceived to have enough cash flow to meet all of its debt obligations.

Marriott's bonds plunged nearly 30 percent in the two days following Marriott Corp.'s announcement.

Blumenthal sells Supreme Court stake to partner

KANSAS CITY, Mo. — Ira Blumenthal, co-founder of The Supreme Court, a concept designed to open branded food courts in non-traditional sites, has sold his stake in the venture to his partner, Victor Cascio.

A statement from the company said Blumenthal divested his share of the Supreme Court to pursue other ventures.

The company's first food court — containing Godfather's Pizza, Benni[illegible]'s and Chi-Chi's El Pronto[illegible] — debuted here a year ago [illegible] Price Chopper supermarket.

The second Supreme Court is slated to open at a Stop & Shop supermarket in Cleveland later this year.

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FLORIDA FOCUS GEORGIA

Despite Andrew and Overbuilding, Sunshine State's Hospitality Industry Is Set To Resume Its Old Vitality

A stalled national economy, upcoming elections, an uncertain tourism industry, overbuilding in certain segments, and then . . . . a hurricane.

Actually, Andrew is probably the least of problems for the Florida restaurant industry. But even with all that is haranguing the country and the restaurant industry, Florida is probably best poised to resume the vitality which has traditionally been the mark of the hospitality industry here. After all, what other state gets a thousand new residents a day, has the world's most important tourist destination right in its middle and other blue chip attractions peppered throughout? And is also home to a large and diversified base of business, industry and agriculture?

With sales in many segments flat or only slightly improving, many in the industry seem to be in a "hang on to our hats" mode.

Crawford Johnston, president of Cedar River Seafood and Oyster Bar, a dinnerhouse chain based in Jacksonville says he has no plans to expand in Florida for the time being. He's concerned, he says, about the outcome of the election and its implications for the business environment in Florida and the country. He admits to being a little raw after a dustup with local authorities regarding a bathroom which they made him enlarge less than an inch—at a cost well into five figures.

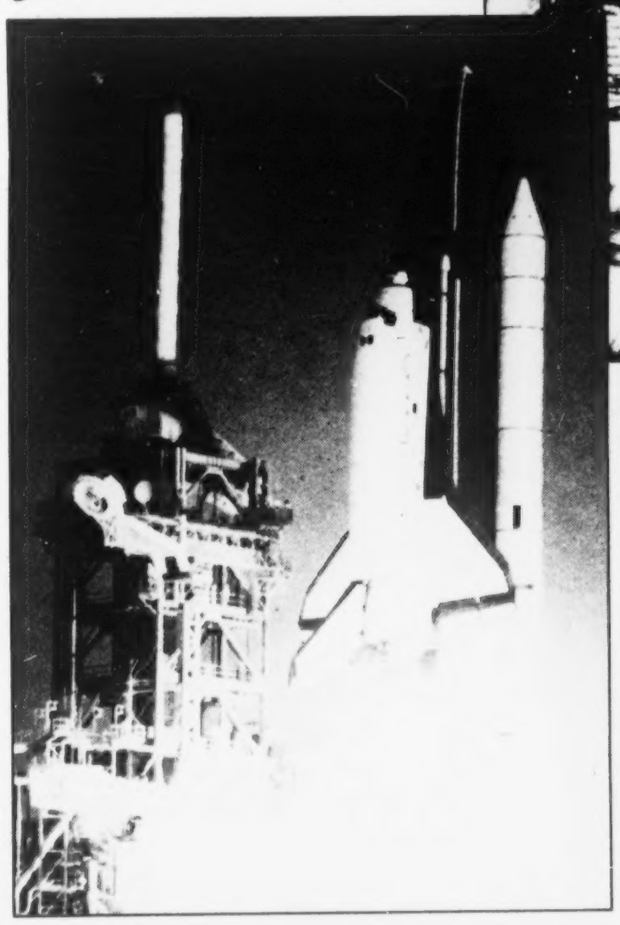
Donald Perlyn, executive vice president of Miami Subs says the company is planning some Florida expansion, but not around their South Florida base, which he calls "highly competitive and overbuilt."

"We've lined up franchisees in Tampa, Naples and Ft. Myers," says Perlyn, adding that if anyone is looking to open a restaurant in Florida, Orlando and the Gulf are probably the places to do it.

Many operators would probably be just as happy if everyone took a time out for just a little bit: There are too many restaurants chasing too few dollars. In 1991, the industry actually experienced negative growth for the first time, dropping to 43,940 foodservice facilities from 45,844 in 1990.

Some of that decline is due to tourism, which though not the strongest right now, is and will continue to be the motor that powers the state's economy (Florida is ranked second only to California). While the number of visitors overall has declined slightly from the previous year, an ever increasing influx of foreign tourists has helped cushion the blow. These visitors—mostly from Canada and Latin America—account for 20 percent of all tourist dollars spent in Florida. The chief beneficiary seems to be South Florida.

Daytona Beach, long a mecca for Spring Breakers, parts of the panhandle, and the more exclusive areas of the Gulf Coast (e.g. Sanibel and Captiva Islands) are holding their own or showing slight gains.



Florida's endless beaches and numerous tourist attractions have made it one of the world's most important tourist destinations.

The bad news for restaurants is that while the tourism impact seems to be re-distributing itself throughout the state slightly, visitors are spending fewer days in Florida, and therefore eating out less.

At Perkins Family Restaurants, spokesman Donna Guido has said that when "tourism falls, people can get hurt badly." Company units built in tourist areas specifically to take advantage of the travelling dollar are reflecting the softness of the industry, she notes, but says that neighborhood units are holding their own.

Still, Florida restaurateurs, an ever-optimistic bunch, predict that when the dust from 1992 clears, 85% will have realized a profit increase. For 1991, 10.5% reported that profits were "excellent," 47.2% said they were fair, and 33.7% said profits were "flat."

The 1992 Industry Profile from the Florida Restaurant Association (FRA) also shows that 85% of all operators are looking for a sales increase this year.

One possible justification for the optimism: The FRA is considered one of the most activist, effective organizations of its kind. This past legislative session, the FRA was unusually busy. Florida restaurateurs took it on the chin twice: Non smoking sections equal to 35 percent of dining room seats in restaurants over 50 seats will be required effective October 1, 1992. And the famous "potty parity" law made it through, mandating a 3-to2 women/men toilet ratio for new and extensively remodeled restaurants.

But the FRA turned back the proposed tourism tax, a Dade County Food and Beverage tax and a proposal to set a state minimum wage through a referendum.

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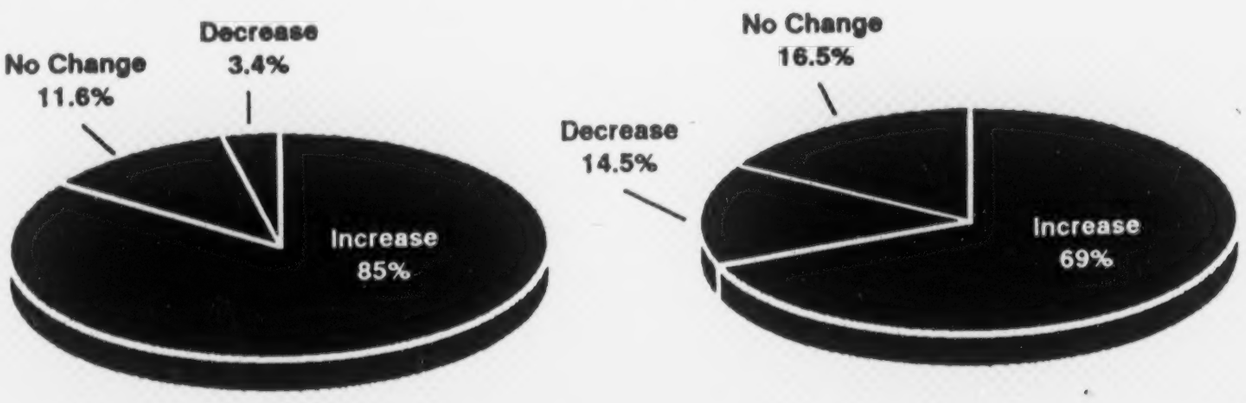
Business Expectations for 1992



Source: Florida Restaurant Association

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FLORIDA FOCUS GEORGIA

Despite Andrew...

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The most important piece of legislation to come out of Tallahassee may well be the consolidation of all restaurant regulatory activities under one agency, the state Department of Business Regulation. This will save $2 million, it's estimated. Previously, health inspections and other regulatory activities were administered by a patchwork of county and state authorities.

Florida also boasts an impressive commitment to hospitality education, churning out the restaurant professionals needed to power an $11.5 billion - a - year industry. There are vocational technical programs of all stripes, as well as many universities offering degrees in hospitality management. The best known of these is Florida International University in North Miami Beach, whose School of Hospitality Management has an international reputation.

Olympics, New Convention Centers Bode Well For State's Restaurant Market

In Georgia, all eyes are on 1996 and the Summer Olympic Games. The hope, of course, is that the estimated 2 million visitors to Atlanta will leave much of their money in the city. But this New South showpiece is also continuing to develop its transient and convention business in an effort to keep its place as the South's strongest city.

In the meanwhile, though, the restaurant scene in the Peach State is like most everywhere else in the country: holding its own, with hope for better times ahead. In 1991, total eating and drinking place sales were about $4.74 billion, roughly the same as they've been for the past few years.

The Atlanta Metro market alone accounts for about 60 percent of the total, according to Bob King, president of the Georgia Hospitality & Travel Association.

"Like most other places, we see diners trading down, going to mid-price chains like a Houston's, where before they went to a more expensive place," says King about the state's restaurant market." Most of our new restaurants tend to be mid-level, value driven operations."

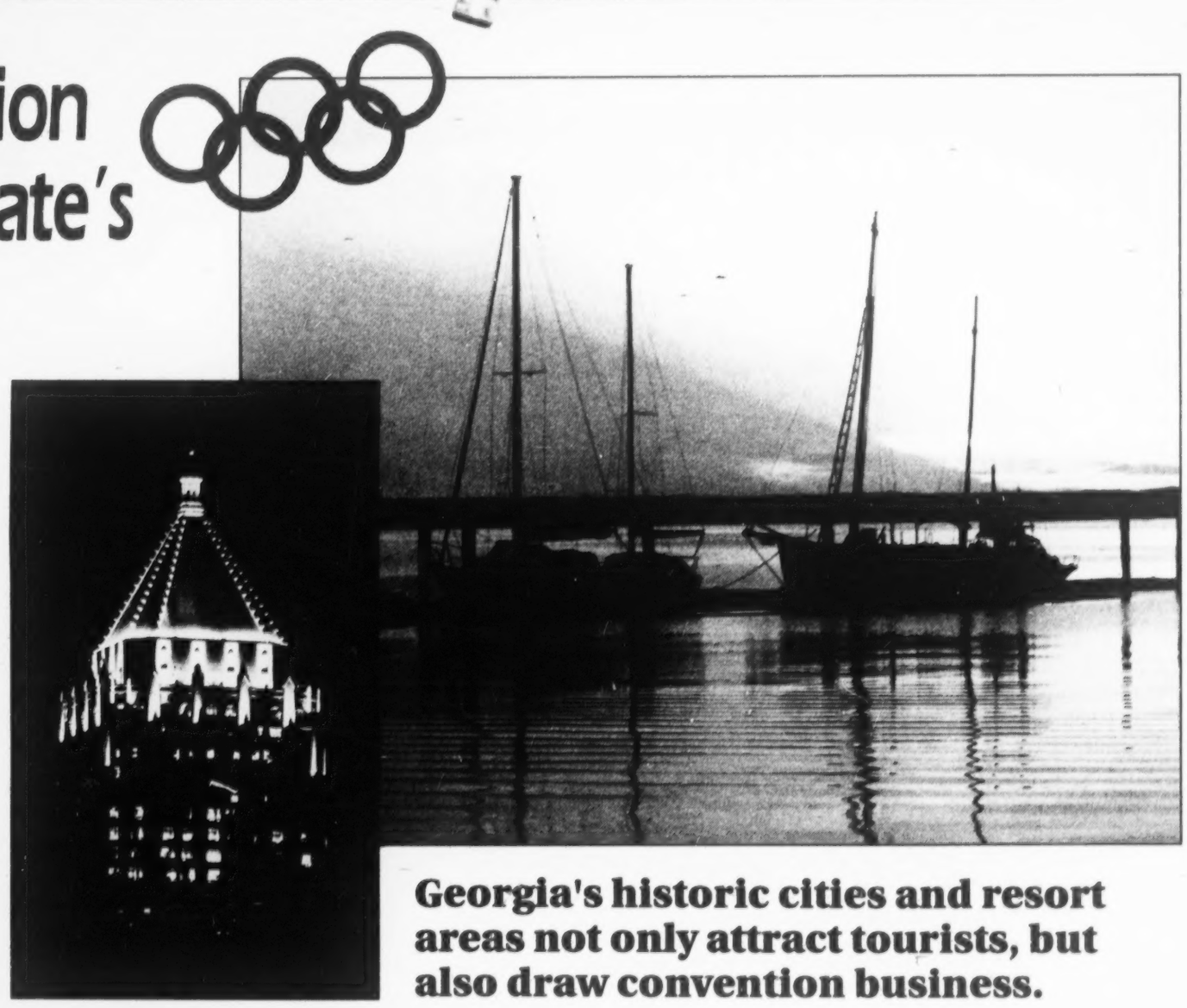
Bill Dunaway, owner of 1848 House in Marietta, says "suburban white tablecloths seem to be doing fine, while the downtown restaurants depend more and more on the convention business." He notes, too, that the mid-priced themers "always seem to have lines waiting to get in."

He adds that the vital convention business has been soft recently, giving some of the big city hotels and restaurants fits. Indeed, business was essentially flat. The bright spot was a 17 percent increase in small conventions in 1991, which helped keep downtown restaurants busy.

The hospitality industry is also the beneficiary of general civic optimism generated by the success last season of the Atlanta Braves, and the baseball team's continued strength.

Outside Atlanta, the state restaurant industry is generally a mixture of seasonal operations and establishments catering to Travelers.

In Savannah, the capital of the Golden Isles resort region, the opening of a new Raddison has made large conventions possible there for the first time, adding another business booster for restaurants in this colorful, historic city.



Georgia's historic cities and resort areas not only attract tourists, but also draw convention business.

Jekyll Island houses the vacation homes of such notables as J.P. Morgan, William Rockefeller and Joseph Pulitzer. It's a popular tourist destination, but also draws convention business. Although currently conventions are "a little light" on the island. No one segment of the business is disproportionately hurt when trade is flat, according to Ken Opel, food and beverage director for the Jekyll Island Authority.

Overall, though, Jekyll Island had a "fairly decent summer, considering the state of the economy," according to Jim Weidhaas, senior public relations representative for the Authority. Tourism levels are basically flat at this mainly summer resort, but the Authority's standalone seafood and steak restaurant, Blackbeard's, is experiencing 6 percent revenue increases over last season.

Richard M. Gordon, senior vice-president of Atlanta-based The Great American Cookie Company believes Georgia is among the star locations in the sunbelt for restaurant operations. He likes his hometown, and smaller Georgia cities like Valdosta. He's noticed a moderate upward trend in his business, and says that it's "easy to be optimistic."

Presumably, Georgia will emerge from the shadows of a sluggish economy at least as well as the rest of the country. Given the Olympics, an expected upturn in the convention business, and increased tourism levels, the city's - and state's - restaurants will be well positioned to take advantage of the coming prosperity.

Atlanta

Total Population: 3,003.8
(Thousands)
Medium Age: 31.8
Food Sales: $4,068,911
($000)
Drink & Eating Places:
$2,754,778.
($000)

Source: Sales & Marketing Management Estimates 12/31/91